

SANTA ROSA COUNTY, FLORIDA  
CIVIL SERVICE BOARD

FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

**SANTA ROSA COUNTY, FLORIDA  
CIVIL SERVICE BOARD**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2000**

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## INDEPENDENT AUDITOR'S REPORT

Civil Service Board  
Santa Rosa County, Florida

We have audited the accompanying general purpose financial statements of the Civil Service Board of Santa Rosa County, Florida (hereinafter referred to as "Civil Service Board"), as of and for the year ended September 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Civil Service Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Civil Service Board, as of September 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2000 on our consideration of the Civil Service Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*O'Sullivan Hicks Patton, LLP*

November 16, 2000

**Santa Rosa County, Florida  
Civil Service Board**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**

**September 30, 2000**

	Governmental Fund Type	Account Groups		Totals (Memorandum Only)
	General Fund	General Fixed Assets	General Long-Term Debt	
<b>ASSETS AND OTHER DEBITS</b>				
Cash	\$ 17,979	\$ --	\$ --	\$ 17,979
Fixed assets	--	75,834	--	75,834
Amount to be provided for accumulated leave	--	--	24,231	24,231
Total assets	<u>\$ 17,979</u>	<u>\$ 75,834</u>	<u>\$ 24,231</u>	<u>\$ 118,044</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 17,979	\$ --	\$ --	\$ 17,979
Annual and sick leave	--	--	24,231	24,231
Total liabilities	<u>17,979</u>	<u>--</u>	<u>24,231</u>	<u>42,210</u>
<b>FUND EQUITY AND OTHER CREDITS</b>				
Investment in general fixed assets	--	75,834	--	75,834
Fund balance - unreserved and undesignated	--	--	--	--
Total fund balance and other credits	<u>--</u>	<u>75,834</u>	<u>--</u>	<u>75,834</u>
Total liabilities, fund equity and other credits	<u>\$ 17,979</u>	<u>\$ 75,834</u>	<u>\$ 24,231</u>	<u>\$ 118,044</u>

The accompanying notes are an integral part of these financial statements.

**Santa Rosa County, Florida  
Civil Service Board**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

**For the year ended September 30, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Miscellaneous	\$ --	\$ 297	\$ 297
Total revenues	<u>--</u>	<u>297</u>	<u>297</u>
EXPENDITURES			
Current			
General government			
Personal services	222,652	218,606	4,046
Operating	121,946	114,784	7,162
Capital outlay	10,269	21,774	(11,505)
Total expenditures	<u>354,867</u>	<u>355,164</u>	<u>(297)</u>
Excess (deficiency) of revenues over expenditures	<u>(354,867)</u>	<u>(354,867)</u>	<u>--</u>
OTHER FINANCING SOURCES (USES)			
Appropriations - BOCC and School Board	<u>354,867</u>	<u>354,867</u>	<u>--</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	--	--	--
FUND BALANCE, BEGINNING OF YEAR	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

The accompanying notes are an integral part of these financial statements.

**Santa Rosa County, Florida  
Civil Service Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2000**

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**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

**1. Organization**

The Civil Service Board, located in Santa Rosa County, Florida, was created by legislative act (Laws of Florida 79-561) of the State of Florida in 1979. The Board is considered an Independent Special District pursuant to Florida Statute 189. The Board is responsible for establishing and enforcing rules regarding employment for classified employees of the Santa Rosa County School Board and Santa Rosa County Board of County Commissioners. The Civil Service Board consists of five members. One member is elected by the employees of the Board of County Commissioners, one by Santa Rosa County School Board employees, one member is appointed by the Santa Rosa County Board of County Commissioners, and one member is appointed by the Santa Rosa County School Board. Collectively, these four members appoint an at-large member.

**2. Fund Accounting**

The accounting system of the Civil Service Board is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and fund balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following is a description of the fund and account groups utilized by the Civil Service Board.

**Governmental Funds**

These funds utilize a modified accrual basis of accounting. The measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources rather than upon net income determination).

The Civil Service Board's general fund is used to account for appropriations from the Santa Rosa County Board of County Commissioners and the Santa Rosa County School Board.

**Santa Rosa County, Florida  
Civil Service Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2000**

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**NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**Account Group**

**General Fixed Assets Account Group** - This group of accounts is used to maintain control and cost information on fixed assets and equipment owned by the Civil Service Board.

**General Long-Term Debt Account Group** - This group is used to establish accountability for the Civil Service Board's long-term debt. This account group reflects all long-term obligations of the Civil Service Board.

**3. Basis of Accounting**

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred.

**4. Fixed Assets**

Pursuant to the legislative act establishing the Civil Service Board, facilities and office space are provided by the Santa Rosa County Board of County Commissioners and the Santa Rosa County School Board. Fixed assets acquired by the Civil Service Board are accounted for in the general fixed assets account group.

General fixed assets acquired by the Civil Service Board are recorded as expenditures in the general fund at the time of purchase. These assets are subsequently capitalized in the general fixed assets account group. No depreciation is provided for general fixed assets. The Civil Service Board does not engage in the acquisition of public domain (infrastructure) assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

**Santa Rosa County, Florida  
Civil Service Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2000**

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**NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**5. Budgets and Budgetary Accounting**

The Santa Rosa County Board of County Commissioners and Santa Rosa County School Board are required to fund equally between them the operations of the Civil Service Board, with the exception of legal fees, which are funded by the applicable taxing authority. The Civil Service Board submits an annual budget to the School Board and Board of County Commissioners. The respective Boards each provide for one-half of the Civil Service Board's budget in their annual budgets.

The Civil Service Board prepares its annual budget on a basis consistent with generally accepted accounting principles.

**6. Accumulated Unpaid Leave**

The Civil Service Board does not accrue a liability for sick leave, annual leave or compensatory time in the general fund as payments on this liability will not be made with expendable available financial resources. At September 30, 2000, the liability for accumulated sick leave, annual leave and compensatory time was \$ 7,147, \$ 16,271, and \$ 813 respectively. These amounts are recorded in the general long-term debt account group of the Civil Service Board.

**7. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not used.

**8. Total Column**

The total column is presented to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B - CASH**

The Civil Service Board's cash deposits at year-end were fully covered with federal depository insurance.



**Santa Rosa County, Florida  
Civil Service Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2000**

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**NOTE C - CHANGES IN FIXED ASSETS**

	<u>Balance</u> <u>10/01/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/00</u>
Office furniture and equipment	<u>\$ 54,650</u>	<u>\$ 21,184</u>	<u>\$ --</u>	<u>\$ 75,834</u>

**NOTE D - GENERAL LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year.

Accumulated Unpaid Leave

Balance--October 1	\$ 25,947
Net change	<u>(1,716)</u>
Balance--September 30	<u>\$ 24,231</u>

**NOTE E - RETIREMENT PLAN**

**Participation** - Employees of the Civil Service Board participate in the Florida Retirement System, a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system.

**Contributions** - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During 2000, the Civil Service Board contributed an average of 9.9 percent of each qualified regular employee's gross salary. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$15,976, \$24,416, and \$27,429, for the years ended September 30, 2000, 1999, and 1998, respectively.

**Benefit Provisions** - The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 10 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 10 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 10 years of service with

**Santa Rosa County, Florida  
Civil Service Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2000**

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**NOTE E - RETIREMENT PLAN -- (Continued)**

a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

**Financial Report of the Plan** - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

**NOTE F - OPERATING LEASE**

The Civil Service Board leases its office space under a noncancelable operating lease expiring February 14, 2001. At the end of the lease term, the Civil Service Board has the option to renew the lease for a period of six months.

The future minimum rental commitment under this lease is \$ 4,100 through expiration of the lease in 2001. Rental expense for office space for the year ended September 30, 2000 was \$9,840.

**NOTE G - RISK MANAGEMENT**

The Civil Service Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Civil Service Board carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

Civil Service Board  
Santa Rosa County, Florida

We have audited the general purpose financial statements of the Civil Service Board of Santa Rosa County, Florida (hereinafter referred to as "Civil Service Board"), as of and for the year ended September 30, 2000, and have issued our unqualified report thereon dated November 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Civil Service Board's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Civil Service Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated November 16, 2000.

This report is intended solely for the information and use of the Civil Service Board, management, and appropriate governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*O'Sullivan Vicks Patton, LLP*

November 16, 2000

## MANAGEMENT LETTER

Civil Service Board  
Santa Rosa County, Florida

We have audited the general purpose financial statements of the Civil Service Board of Santa Rosa County, Florida (hereinafter referred to as "Civil Service Board"), as of and for the year ended September 30, 2000, and have issued our unqualified report thereon dated November 16, 2000.

We have issued our Independent Auditor's Report On Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards* dated November 16, 2000. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (e) 1.a.) require that we comment as to whether or not inaccuracies, irregularities, shortages, defalcations, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial report have been corrected. All recommendations from the prior year report were implemented to our satisfaction.

The Rules of the Auditor General (Section 10.554 (1) (e) 1. b.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report were followed, except as disclosed in Attachment A.

As required by the Rules of the Auditor General (Section 10.554 (1) (e) 2.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the Civil Service Board is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554 (1) (e) 3.), we determined that the financial information for the Civil Service Board for the fiscal year ended September 30, 2000 filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the Civil Service Board's audited general purpose financial statements for the fiscal year ended September 30, 2000.

As required by the Rules of the Auditor General (Section 10.554 (1) (e) 4.), we determined that the Civil Service Board is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Rules of Auditor General (Sections 10.554 (1) (e) 6., 7., and 8.) require disclosure in the management letter of the following matters if not already addressed in the auditor's report on compliance and on internal controls or in the schedule of findings and questioned costs: recommendations to improve financial management, accounting procedures and internal controls; recommendations addressing deteriorating financial conditions, violations of laws, rules, regulations and contractual provisions which may have occurred or are likely to have occurred and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit that may or may not materially affect the financial statements; improper or inadequate accounting procedures; failures to properly record financial transactions; and other inaccuracies, shortages and defalcations and instances of fraud discovered by, or that came to the attention of, the auditor. Our audit identified the matter listed in the accompanying Attachment A, which is required to be disclosed.

The Rules of the Auditor General (Section 10.554 (1) (e) 9.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The legal authority for the Civil Service Board, is disclosed in Note A to the financial statements. The component units related to the Board are also disclosed in Note A to the financial statements.

This report is intended solely for the information and use of the Civil Service Board, management, and appropriate governmental agencies. However, this report is a matter of record and its distribution is not limited.

*O'Sullivan Nicks Patton, LLP*

November 16, 2000

**Santa Rosa County, Florida  
Civil Service Board**

**SCHEDULE OF CURRENT YEAR MANAGEMENT COMMENTS**

**September 30, 2000**

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**98-2 – SEGREGATION OF DUTIES**

*Finding* – Limited segregation of duties exists in the accounting department. Consequently the possibility exists that errors or irregularities could occur and not be detected within a timely period by employees in the normal course of performing their assigned duties. In an ideal situation one person would not have access to the assets of an entity and to the accounting records relating to those assets.

*Recommendation* – We recommend management consider if segregation of incompatible duties is feasible. If not cost beneficial, we recommend management be active in oversight of the accounting area.